

Minutes
Gaming Study Commission
Meeting: Tuesday, December 15, 2009

Commissioners present: Andrew Lietz, Chair; Joe Foster, Vice Chair; Tom Ferrini, Mark MacKenzie, Dave Babson, David Bailey, Lew Feldstein, Michelline Dufort, Maggie Pritchard, Ned Densmore, Mary Heath, Karen Pollard

Commissioners Absent/Excused: Jim Craig, Bob Odell, Bonnie Newman

Staff Present: Gail Wolek

Commission Chair Andy Lietz called the meeting to order at 1:08 p.m.

Chairman Lietz asked Gail Wolek to conduct the roll call. A quorum being present, Chairman Lietz then asked for a motion to approve the minutes of the December 1, 2009 meeting. Commissioner Babson motioned for the minutes to be approved, which was seconded. There being no further discussion, Chairman Lietz called for a vote to approve the minutes. The minutes were unanimously approved.

Dr. Bruce Mallory, representing UNH/Carsey Institute, gave a presentation on the plan for developing the deliberative discussion groups throughout the state during January, February, and March (see separate PowerPoint and summary notes). Dr. Mallory noted that the first and final sessions of the process will be open to the public but the group discussion led by trained facilitators will be non-public to encourage wide-ranging and open discussion by participants. Participant demographics will be quantified and identified. Funders of the project (Rockefeller and Kellogg grant funds) are interested in learning and disseminating information gained as a result of the process. Dr. Mallory introduced Martha Parker (attending the meeting) as the Project Coordinator.

Commissioner Babson recommended that a community on the east side of Lake Winnepesaukee be included to the suggested list of communities where discussion groups will be formed. Chairman Lietz asked if this model had been used anywhere else in New Hampshire. Dr. Mallory said it had been used to moderate adversarial negotiations between school boards and their governance agencies. The concept began as “study circles” in Scandinavia and has since been applied to national and international disputes over immigration, zoning, environmental issues, community planning and penal reform. In New Hampshire the model has mostly been used in the area of public education.

Chairman Lietz asked how the Commission will be informed from this process different from what the group has heard so far from direct reports, testimonies, etc. Dr. Mallory said this process would produce a richer, more reflective, more nuanced perspective directly from NH citizens. Rather than proponents and opponents, the Commission will be able to develop more confidence in the findings produced from the deliberative sessions. They will have a better sense of people's underlying values. Key themes will be identified along with favored vs. objectionable gambling opportunities. This process is more than a poll—it encourages citizen input at a far deeper level and will ultimately produce a better-informed group of citizens who will later interact with their neighbors, community leaders, and state decision-makers on the issues surrounding the topic of expanded gambling in New Hampshire.

Chairman Lietz asked what is UNH's obligation to the funders of this project? Dr. Mallory said they will receive a copy of the final report and perhaps will call upon UNH to help lead other national discussions based on the model developed here. He also said that the funders are completely neutral to any potential policy outcomes or decisions that may be made as a result of the findings of the deliberative discussion process.

Commissioner Pollard commented that she was looking forward to the depth of the discussion promised in this process and encouraged her fellow commissioners to take advantage of the opportunity to attend the opening and closing sessions as much as possible. She also would encourage providing an opportunity for any participants who might be interested to attend a future Commission meeting to talk about their experience in

the deliberative process. Commissioner Pollard agreed that there should be a Strafford County session location and recommended either Rochester or Dover.

Commissioner Feldstein commented that he finds the process very intriguing and hopes there might also be a component added for electronic participation. Dr. Mallory said there is a placeholder for working on an Internet application but there are wrinkles to be worked out in order to run a facilitated discussion in that medium. Commissioner MacKenzie agreed it was a terrific idea but would be a little concerned about co-mingling an on-line discussion with a local facilitated discussion.

Steve Norton, Executive Director of The NH Center for Public Policy, pointed out the potential confusion that could result due to three different public input tracks (UNH survey; UNH/Carsey Institute deliberative sessions; and the open discussion through presentations to the commission, public/legislative hearings, etc. among people who already know a lot about the subject). It was generally acknowledged that this could be challenge in the final report of findings, but the goal is to see if major themes can be tracked across all three input channels.

A site visit report was provided by Commissioners Babson, Bailey, Pritchard, Densmore, Chairman Lietz, and Dennis Delay (NH Center for Public Policy) who traveled to meet with managers of the Mohegan Sun and local community officials in Connecticut. Commissioner Densmore said Mohegan Sun COO Jeff Hartmann emphasized the importance of the attraction factor. Facility must be a destination with a regular entertainment venue. Mr. Hartmann said they had been impacted by the development in Yonkers. He also said that their market is made up of approximately 3% from New York, 22% from Massachusetts, 44% from Connecticut, and 11% all others (note: these percentages do not equal 100% but were the numbers offered in the discussion). Connecticut taxes at a rate of 25% on slots with no taxes on table games. Net end rate is 18% taxation. Other points included the observation that the gaming growth rate is waning but the industry thinks it will return to modest gains post recession; hotel rooms are the key to success. Mohegan Sun employs about 8,200 people. Of that number, 2,000 have been there since the facility opened 13 years ago. Turnover rate is 16%, considered very low in the industry. Using the multiplier effect, it is estimated that \$250 million are spent in the local economy by the casino and its employees. The real economic impact is derived from services used by the casino and its staff (i.e. restaurants, gas stations, hotels, etc.).

Commissioner Bailey said there was more information needed, but he learned that no matter what you like or don't like about gambling, if it comes it will bring changes to the community. There are good and bad impacts from an expanded workforce (i.e. unscrupulous landlords, special education/English as a second language needs in schools, cultural differences, etc.). The model doesn't necessarily fit well in what might be viewed as bedroom communities with predominantly single-family homes.

Commissioner Feldstein noted that the original agreement with the state legislature was that a share of the tax revenues would be shared with adjacent communities experiencing the most impacts from the casino development, but eventually the legislation was re-written and the funding was moved to larger cities in the state with bigger voting blocks. Twenty to twenty-five percent of the new student influx required extra services due to cultural and educational needs. Local schools were challenged to create capacity to educate these students. Substantial effort was required to keep minors out of the casino and there were unanticipated problems in dealing with the Indian tribes as sovereign nations.

Commissioner Pritchard said there was a lack of data on social costs. Connecticut did not appropriate money to address the problems of pathological gaming but did she note that comp'd drinking seems to lead to increased DUI and substance abuse issues.

Dennis Delay noted that the Mohegan Sun situation would equate to putting a similar facility in Mont Vernon, NH. The changes to the surrounding area were impressive and resulted in huge impacts to the local communities. Chairman Lietz said he noted that there were two very distinct groups. The Mohegan Sun folks saw themselves operating a very well-run business that was making a contribution to its neighboring communities. There were extremely professional business people and knew their numbers and products very well. They were business people first and viewed themselves as good corporate citizens in a purely business context. On the other hand, the people they spoke with from the outside were very concerned about the huge

impacts that had been made on local quality of life values. These were of tremendous importance and there were strong feelings all around about the extent to which the casino had changed the character of their communities—and not in a positive way.

Chairman Lietz said he asked the casino management if they had to do it all over again, what would they do differently. The response was that they would do a much better job of working with the communities to understand and mitigate the impacts of their development.

Asking the same question of community leaders, Chairman Lietz said they would re-think the governance of expanded gaming including maintenance of additional infrastructure (i.e. bridges) that came with the development, licensing, taxing, how the money flows, regulatory issues, and they would write better legislation to control management of the casino activities. Local communities get all the problems but all the money to deal with those problems “goes to the big towns and cities down-state.” Many internal political problems have resulted over this conflict. The visiting group was also cautioned to prepare for lawsuits and tribal activities if expanded gaming is approved in New Hampshire. The state should think through carefully what the impacts of substantial costs associated with litigation would do to its budget and political priorities.

In summary, Commissioner Babson said there were increases in DUI's, foreclosures, raised property values, and traffic congestion. Be prepared that expanded gambling will “change your life.” While greater diversity in the classroom can be viewed as a good thing, the increased costs of educating multicultural students should be considered. Foxwoods has a slightly larger workforce, but combined these two facilities have added 15,000-16,000 mostly low-wage employees who need low-cost housing among other services. The group was encouraged to hire experts to help write legislation governing these facilities if approved in New Hampshire, and create contracts that leave room for updates and responses to changing conditions as experience is gained over time. Chairman Lietz noted that the Commission needs more input on pathological gambling problems, impacts on local education systems, and information on public safety issues in towns surrounding a gambling facility.

Commissioner MacKenzie said this discussion had pointed out a couple new issues the Commission has not previously considered including: 1) an increase in demand for workforce housing in NH would be a big problem; 2) the impact of potentially thousands of low-wage employees in a clustered area of the state would affect the long-term economic development potential for that area; and 3) a reliance in immigrant labor would be affected by immigration reform legislation at the national level.

Chairman Lietz requested that each member of the site visit team send a brief report of their impressions and observations from the Mohegan Sun trip to Gail Wolek for future reference.

Agreeing to press on and finish perhaps earlier than 4:00 p.m., Chairman Lietz led the Commissioners in a discussion of the edits and clarifications that had been made in all sections of the draft interim project report. Several questions were raised including how the various gambling configurations and scenarios would be modeled and the ability of developers to raise capital in the current economic climate. The draft as presented was approved to be put into final form and presented to Governor John Lynch on Monday, December 21, 2009. It would subsequently be posted on the Commission's website as of Tuesday, December 22, 2009.

The revised schedule of meetings remaining on the Commission's calendar was also reviewed. Discussion of the public hearings resulted in a decision to hold both public hearings (one in the northern part of the state and one in the southern part of the state) on the same day, later in the afternoon/early evening, and move them to April to reduce the possibility of weather-related travel issues.

At 3:45 p.m. a motion was made, seconded and approved to adjourn the meeting.

NEXT MEETING: TUESDAY, January 19, 2010, 1:00 P.M., NHHEAF

Respectfully submitted: Gail A. Wolek, Executive Director